

**UNITED WAY OF CENTRAL KENTUCKY, INC.**

**INDEPENDENT AUDITOR'S REPORT AND  
FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2018**

**UNITED WAY OF CENTRAL KENTUCKY, INC.**

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**JONES & HURLEY CPAs, PLLC**  
certified public accountants

T. Michael Jones  
Certified Public Accountant

Joe Hurley  
Certified Public Accountant

Patricia T. Lucas  
Certified Public Accountant

Melissa S. Martin  
Certified Public Accountant

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
United Way of Central Kentucky, Inc.  
Elizabethtown, Kentucky

We have audited the accompanying financial statements of United Way of Central Kentucky, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT, Continued**

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Central Kentucky, Inc. as of March 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Jones + Hurley CPAs PLLC*

Certified Public Accountants  
August 16, 2018

**UNITED WAY OF CENTRAL KENTUCKY, INC.**  
**Statement of Financial Position**  
**March 31, 2018**

**Assets**

Cash and cash equivalents	\$ 624,460
Grant receivable	4,967
Pledges receivable, net	824,610
Other receivables	20,850
Prepaid expenses	3,660
Capital assets, net	7,384
Investments	24,143

Total assets	\$ 1,510,074
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**Liabilities and Net Assets**

**Liabilities**

Payroll taxes payable	\$ 7,499
Other current liabilities	62
Other payroll related payables	1,345
Agency allocations payable	131,046
Designations payable	40,986

Total liabilities	180,938
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**Net Assets**

Unrestricted	133,797
Temporarily restricted	1,195,339

Total net assets	1,329,136
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Total liabilities and net assets	\$ 1,510,074
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**UNITED WAY OF CENTRAL KENTUCKY, INC.**  
**Statement of Activities**  
**Year Ended March 31, 2018**

	Unrestricted	Temporarily Restricted	Total
<b>Support, Revenue, and Reclassifications</b>			
Campaign revenue	\$ 51,538	\$ 1,338,601	\$ 1,390,139
Less pledge loss	(12,891)	(143,262)	(156,153)
Net campaign revenue	38,647	1,195,339	1,233,986
Grant income	1,997	-	1,997
Investment return, net	7,685	-	7,685
Total support and revenue	48,329	1,195,339	1,243,668
Net assets released from restrictions	947,235	(947,235)	-
Total support, revenue, and reclassifications	995,564	248,104	1,243,668
<b>Expenses</b>			
Community investment grants	715,263	-	715,263
Program services	173,914	-	173,914
Fund-raising	142,331	-	142,331
Management and general	59,613	-	59,613
Total expenses	1,091,121	-	1,091,121
<b>Change in Net Assets</b>	(95,557)	248,104	152,547
Net assets, beginning	229,354	947,235	1,176,589
Net assets, ending	\$ 133,797	\$ 1,195,339	\$ 1,329,136

**UNITED WAY OF CENTRAL KENTUCKY, INC.**  
**Statement of Functional Expenses**  
**Year Ended March 31, 2018**

	Supporting Services			Total	Total Expenses
	Program Services	Fund-raising	Management and General		
<b>Personnel Costs</b>					
Salaries	\$ 86,004	\$ 80,100	\$ 30,390	\$ 110,490	\$ 196,494
Payroll taxes	7,117	6,525	2,463	8,988	16,105
Health insurance	1,127	1,030	836	1,866	2,993
Retirement	1,253	1,004	535	1,539	2,792
<b>Total personnel costs</b>	<b>95,501</b>	<b>88,659</b>	<b>34,224</b>	<b>122,883</b>	<b>218,384</b>
<b>Other Expenses</b>					
211 System	31,417	-	-	-	31,417
Audit	2,665	2,665	1,170	3,835	6,500
Bookkeeping	6,400	6,400	2,800	9,200	15,600
Campaign supplies and marketing	4,015	12,379	393	12,772	16,787
Civic engagement	1,101	845	873	1,718	2,819
Facility maintenance	-	-	880	880	880
Insurance	1,805	1,805	792	2,597	4,402
IT maintenance and supplies	1,967	1,813	877	2,690	4,657
Miscellaneous	2,290	10	102	112	2,402
Office supplies	2,577	2,107	2,504	4,611	7,188
Recognition	763	49	571	620	1,383
Rent	7,380	7,380	3,240	10,620	18,000
Special events	2,176	266	156	422	2,598
Sponsorship	3,500	-	-	-	3,500
Telephone	1,010	1,010	444	1,454	2,464
Training	(775)	225	2,449	2,674	1,899
Travel	3,581	477	2,947	3,424	7,005
Utilities	987	988	434	1,422	2,409
VISTA cost share	5,124	-	-	-	5,124
Website	430	285	365	650	1,080
<b>Total other expenses</b>	<b>78,413</b>	<b>38,704</b>	<b>20,997</b>	<b>59,701</b>	<b>138,114</b>
<b>Total expenses before depreciation and national and state dues</b>	<b>173,914</b>	<b>127,363</b>	<b>55,221</b>	<b>182,584</b>	<b>356,498</b>
<b>Depreciation</b>	-	-	4,392	4,392	4,392
<b>National and State Dues</b>	-	14,968	-	14,968	14,968
<b>Total Expenses</b>	<b>\$ 173,914</b>	<b>\$ 142,331</b>	<b>\$ 59,613</b>	<b>\$ 201,944</b>	<b>\$ 375,858</b>

# UNITED WAY OF CENTRAL KENTUCKY, INC.

## Statement of Cash Flows

March 31, 2018

### Cash Flows from Operating Activities

Change in net assets	\$	152,547
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		4,392
Change in FMV of investments		(1,926)
Interest and dividends earned on investments		(338)
Fees charged on investments		342
Changes in assets and liabilities		
Increase in grant receivable		(517)
Increase in pledges receivable		(85,774)
Increase in pledge loss allowance		55,052
Increase in other receivables		(20,850)
Increase in prepaid expenses		(1,393)
Decrease in payroll taxes payable		(1,132)
Increase in other current liabilities		62
Increase in other payroll related payables		832
Decrease in agency allocations payable		(4,526)
Decrease in designations payable		(71,882)
Net cash provided by operating activities		<u>24,889</u>
<b>Net increase in cash and cash equivalents</b>		<b>24,889</b>
Cash and cash equivalents, beginning		<u>599,571</u>
Cash and cash equivalents, ending	\$	<u><u>624,460</u></u>

### Supplemental Disclosures of Cash Flows Information

Cash paid during the year for

Interest	\$	-
Income taxes	\$	-



**UNITED WAY OF CENTRAL KENTUCKY, INC.**  
**Notes to Financial Statements**  
**March 31, 2018**

**NOTE A. ORGANIZATION AND NATURE OF ACTIVITIES**

United Way of Central Kentucky, Inc. (UWCK) is a nonprofit organization that brings together the resources of volunteer talent, funds, advocacy, expertise and local businesses and industry with the goal of creating stronger communities and improving lives. UWCK provides funding to programs through interagency partnerships and direct initiatives that help children enter school ready to learn, keep youth on track to succeed in life and empower families to achieve financial stability while continuing to improve health and meet basic needs. UWCK is funded primarily through contributions from local businesses and individuals raised during a volunteer-led annual campaign.

The accounting and reporting framework and the more significant accounting principles and practices of United Way of Central Kentucky, Inc. are discussed in Note B. The remainder of the Notes is organized to provide explanations, including required disclosures, of UWCK's financial activities for the fiscal year ended March 31, 2018.

**NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation** - The financial statements of UWCK are prepared in accordance with accounting principles generally accepted in the United States of America as relates to voluntary health and welfare organizations.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Basis of Accounting** - United Way of Central Kentucky, Inc. maintains its accounting records using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized and recorded when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows. Campaign revenues are recognized in the year for which they are due, while grants are recognized when grantor eligibility requirements are met.

**Cash and Cash Equivalents** - For the purpose of the statement of cash flows, UWCK considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Investments** – Investments are valued at fair values based on quoted market prices in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

**Allowance for Uncollectible Pledges** - The allowance for uncollectible pledges (pledge loss allowance) is estimated as a percentage of pledges outstanding at fiscal year end and is primarily based on historical collection experience. All pledges are expected to be collected within one year.

**UNITED WAY OF CENTRAL KENTUCKY, INC.**  
**Notes to Financial Statements**  
**March 31, 2018**

**Capital Assets** - United Way of Central Kentucky, Inc.'s office furniture & equipment are stated at historical cost. Gifts of long-lived assets, such as land, buildings or equipment, are valued at their estimated fair market value at the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how the donated assets may be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. UWCK has not adopted a formal capitalization policy. Depreciation on capital assets is recorded on a straight-line basis over the assets' estimated useful lives as follows:

Office furniture & equipment	5-10 years
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When capital assets are disposed, the cost and the applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is reported in the statement of activities.

**Net Assets** - Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of UWCK and changes therein are classified and reported as follows:

- **Unrestricted net assets** – represent resources whose use is not limited or restricted by donors. They generally arise as a result of unrestricted contributions or restricted contributions whose restrictions have expired. See Note G for additional information regarding UWCK's unrestricted net assets.
- **Temporarily restricted net assets** – represent resources whose use by UWCK is limited by donors to a specific time period or purpose. See Note K for additional information regarding UWCK's temporarily restricted net assets.
- **Permanently restricted net assets** – represent resources that have been restricted by donors to be maintained by UWCK in perpetuity. UWCK has no permanently restricted net assets.

**UNITED WAY OF CENTRAL KENTUCKY, INC.**  
**Notes to Financial Statements**  
**March 31, 2018**

**Contributions** - Contributions received, including unconditional promises to give, are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the statement of activities.

Pledges for contributions are recorded as assets and temporarily restricted revenue when the pledges are received. Community investment grants to partners are recognized as expenses in the period such grants are made. These grants are generally paid on a monthly installment basis throughout the year.

Pledges for which the donor stipulates the agency, program or county to receive the donation are recorded as assets (pledges receivable) and liabilities (designations payable) when the pledges are received. They are included in campaign results, but are not considered revenue of UWCK.

**Contributed Services and Supplies** - Services and supplies have been provided by various individuals, businesses, and organizations to benefit UWCK and other community agencies on behalf of UWCK. UWCK records the value of contributed services and supplies when there is an objective basis available to measure their value. In accordance with FASB ASC 958-605-50-1, contributed services are recognized if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized. Contributed supplies are reflected as contributions at their estimated fair market values at date of receipt.

**Functional Allocation of Expenses** - The costs of providing the various programs of UWCK have been summarized on a functional basis in the statement of activities, which includes all expenses incurred for the fiscal year. Certain costs have been allocated among the programs and supporting services benefitted.

**Income Taxes** – UWCK is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. Additionally, UWCK has been determined by the Internal Revenue Service not to be a private foundation within the context of Section 509(a) of the Code. When applicable, UWCK recognizes uncertain income tax positions using the “more-likely-than-not” approach as defined in the Accounting Standards Codification (ASC). No liability for uncertain tax positions has been reflected in the accompanying financial statements. UWCK’s 2014 through 2017 tax years remain open and subject to examination.

**Subsequent Events** - Management has evaluated subsequent events through August 16, 2018 which is the date the financial statements are available to be issued.

**UNITED WAY OF CENTRAL KENTUCKY, INC.**  
**Notes to Financial Statements**  
**March 31, 2018**

**NOTE C. CONCENTRATIONS OF CREDIT RISK**

**Cash** - Custodial risk for deposits is the risk that in the event of a bank failure, UWCK would not be able to recover its deposits. At March 31, 2018, UWCK had cash deposits at two financial institutions with bank balances and carrying amounts of \$636,125 and \$624,410, respectively. The maximum loss that would have resulted from that risk at March 31, 2018 totaled \$353,661 for the excess of the deposit liabilities reported by the bank over the amounts that would have been covered by federal depository insurance. Of that amount, \$155,434 was collateralized by securities pledged and \$198,227 was uncollateralized and unsecured.

**Receivables** - UWCK's pledges receivable are subject to the risk of not being collected. UWCK has no collateral policy for pledges receivable, but performs ongoing evaluations of pledge accounts to determine their collectability and has established a pledge loss allowance.

**NOTE D. PLEDGES RECEIVABLE**

Pledges receivable, at March 31, 2018, are presented net of pledge loss allowance as follows:

Pledges receivable	\$	967,872
Less pledge loss allowance		<u>(143,262)</u>
 Pledges receivable, net	 \$	 <u><u>824,610</u></u>

**NOTE E. CAPITAL ASSETS**

The following table provides a summary of changes in capital assets:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Depreciable assets				
Office furniture & equipment	<u>\$ 31,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,556</u>
Total at historical cost	<u>31,556</u>	<u>-</u>	<u>-</u>	<u>31,556</u>
Less accumulated depreciation				
Office furniture & equipment	<u>(19,780)</u>	<u>(4,392)</u>	<u>-</u>	<u>(24,172)</u>
Total accumulated depreciation	<u>(19,780)</u>	<u>(4,392)</u>	<u>-</u>	<u>(24,172)</u>
Capital assets, net	<u>\$ 11,776</u>	<u>\$ (4,392)</u>	<u>\$ -</u>	<u>\$ 7,384</u>

**UNITED WAY OF CENTRAL KENTUCKY, INC.**  
**Notes to Financial Statements**  
**March 31, 2018**

**NOTE F. COMPENSATED ABSENCES**

Employees of UWCK are entitled to paid vacation and sick days, depending on job classification, length of service and other factors. UWCK's policy is to recognize the costs of compensated absences when paid to employees. The amount of accrued compensated absences not recognized in the accompanying financial statements is not considered to be material.

**NOTE G. UNRESTRICTED NET ASSETS**

At March 31, 2018, UWCK's unrestricted net assets consist of the following:

Operating	\$ 38,402
Operating reserve - Board designated	71,252
Endowment fund - Board designated	<u>24,143</u>
Unrestricted net assets	<u>\$ 133,797</u>

**NOTE H. OPERATING RESERVE FUND**

The Board has established an operating reserve fund primarily to enable UWCK to manage cash flow interruptions due to unexpected losses greater than the annual pledge loss allowance and to ensure consistency of payments to funded partners. Additionally, the operating reserve will allow UWCK to meet unfunded and unexpected organization needs.

The operating reserve was established with an initial deposit of \$35,000 from UWCK's unrestricted net assets and is intended to include donor contributions or additional transfers of unrestricted net assets, as approved by the Board. During the fiscal year ended March 31, 2017, an additional deposit of \$35,000 was approved by the Board and subsequently transferred to the operating reserve account, bringing the principal amount of the operating reserve to \$70,000. The operating reserve goal is to attain and maintain a balance that is the equivalent of 10% of the annual operating budget, initially determined by the Board to be \$100,000, within three years.

**UNITED WAY OF CENTRAL KENTUCKY, INC.**  
**Notes to Financial Statements**  
**March 31, 2018**

**NOTE I. ENDOWMENT FUND**

UWCK has an Endowment Fund Agreement (Agreement) with the Central Kentucky Community Foundation, Inc. (CKCF) to establish the "United Way of Central Kentucky Fund". The objective of the endowment fund is to provide sustainable funding for UWCK's initiatives and to generally support UWCK, particularly during periods of economic weakness.

The endowment fund was established with an initial investment of \$18,395 from UWCK's unrestricted net assets and is intended to include any other properties that later may be transferred to CKCF for inclusion in the endowment fund from either donor contributions or additional transfers of unrestricted net assets, as approved by the Board. The assets are held by CKCF, in its corporate capacity, and all investment decisions and services are provided by CKCF. The Board has chosen to withhold making distributions from the endowment fund until the endowment portfolio has attained a meaningful level, initially determined by the Board to be \$250,000, before regular distributions begin to be made to support UWCK's spending. Until this level is met, earnings will be continually reinvested to grow the endowment fund. The fair market value of the endowment fund at March 31, 2018 is \$24,143.

For the year ended March 31, 2018, UWCK has the following Board designated endowment related activities:

Investment return		
Interest and dividends	\$	338
Fees		(342)
Change in FMV		1,926
Total investment return		1,922
Contributions to endowment		-
Change in endowment fund	\$	1,922

**UNITED WAY OF CENTRAL KENTUCKY, INC.**  
**Notes to Financial Statements**  
**March 31, 2018**

**NOTE J. FAIR VALUE MEASUREMENTS**

UWCK follows FASB ASC 820 Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 - quoted prices for identical assets or liabilities in active markets that the entity has the ability to access at the measurement date.
- Level 2 – significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – significant unobservable inputs that reflect a reporting entity’s own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Following is a description of the valuation method used for instruments measured at fair value on a recurring basis. For this disclosure, UWCK only has investment securities that meet this requirement.

**Investment Securities** – Valued primarily by independent third party pricing services under the market valuation approach that include, but not limited to, the following inputs:

- Marketable equity securities and mutual funds are priced utilizing real-time data feeds from active market exchanges for identical securities.
- Government-sponsored agency debt securities, obligations of states and political subdivisions, corporate bonds, and other similar investment securities are priced with available market information through processes using benchmark yields, matrix pricing, prepayment speeds, cash flows, live trading data, and market spreads sourced from new issues, dealer quotes, and trade prices, among other sources.

Investment securities are UWCK’s only statement of financial position item that meets the disclosure requirements for instruments measured at fair value on a recurring basis.

As of March 31, 2018, fair value measurements consisted of investments with a fair market value of \$24,143 measured at fair value using quoted prices in active markets for identical assets (Level 1). There were no Level 2 or Level 3 inputs.

**UNITED WAY OF CENTRAL KENTUCKY, INC.**  
**Notes to Financial Statements**  
**March 31, 2018**

**NOTE K. TEMPORARILY RESTRICTED NET ASSETS**

During the fiscal year, net assets of \$947,235 were released from restrictions and reclassified as unrestricted. At March 31, 2018, temporarily restricted net assets were available for the following purposes:

Community investment and functional expenses	\$ 1,067,603
Way to Work program	119,000
Other programs	<u>8,736</u>
Temporarily restricted net assets	<u><u>\$ 1,195,339</u></u>

**NOTE L. CAMPAIGN REVENUE**

For the fiscal year ended March 31, 2018, campaign revenue reported in the statement of activities consists of the following:

Gross campaign results - current year	\$ 1,396,087
Less donor designations	(40,986)
Less pass through funding	<u>(16,500)</u>
Reported campaign revenue - current year	1,338,601
Less pledge loss allowance	<u>(143,262)</u>
Net campaign revenue - current year	<u><u>\$ 1,195,339</u></u>
Additional campaign revenue - prior year	\$ 51,538
Less additional pledge loss	<u>(12,891)</u>
Net additional campaign revenue - prior year	<u><u>\$ 38,647</u></u>



## **UNITED WAY OF CENTRAL KENTUCKY, INC.**

### **Notes to Financial Statements**

**March 31, 2018**

#### **NOTE M. CONTRIBUTED SERVICES AND SUPPLIES**

A substantial number of unpaid volunteers contribute significant time and resources towards UWCK's activities. Such activities include the Community Investment Process (grant funding) and activities benefitting community agencies, as well as the annual fund-raising campaign. Media coverage is also donated on behalf of UWCK. During the fiscal year ended March 31, 2018, UWCK received an estimated \$139,974 of volunteer services, media coverage and in kind donations for projects benefitting community agencies that did not meet the criteria for recognition under FASB ASC 958-605-50-1 and, thus, have not been reflected in the accompanying financial statements.

#### **NOTE N. ALLOCATION OF COSTS**

For the fiscal year ended March 31, 2018, UWCK incurred functional expenses of \$375,858, for allocations for payroll, supplies, informational materials and activities that included fund-raising appeals. The functional expenses were allocated \$173,914 to program services, \$142,331 to fund-raising and \$59,613 to management and general. None of these costs were incurred by joint activities involving a fund-raising element.

#### **NOTE O. DESCRIPTION OF LEASING ARRANGEMENTS**

On December 1, 2014, United Way of Central Kentucky, Inc. entered into a five-year cancelable operating lease for office space at \$1,500 per month. Rental expense for the fiscal year ended March 31, 2018 totaled \$18,000.

#### **NOTE P. RISK MANAGEMENT**

United Way of Central Kentucky, Inc. is exposed to various risks and losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. UWCK purchases commercial insurance to mitigate the risk of loss to which UWCK is exposed in normal operations.